

IN THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF NEW JERSEY

**HAYDEN GATEWAY LLC and
BLOC DISPENSARY LLC,**

Plaintiffs,

v.

**ADVANCED FLOWER CAPITAL INC.
and AFC AGENT LLC,**

Defendants.

CIVIL ACTION NO. 3:25-CV-02789

**DECLARATION OF
ALEXZANDRA FIELDS**

1. I am the President and Chief Executive Officer of Justice Cannabis Co. and its subsidiaries, including Plaintiffs Bloc Dispensary LLC and Hayden Gateway LLC (collectively, “Justice”).

2. I participated in the negotiation of the 2023 Forbearance and the 2024 Forbearance, and I have been Justice’s primary point of contact with AFC Gamma during that time.

3. As part of the 2024 Forbearance, AFC Gamma insisted that Justice appoint an outside consultant as the Chief Restructuring Officer (“CRO”) for the New Jersey operations (meaning the cultivation and the three dispensaries).

4. From the outset, AFC Gamma insisted that Bloc hire Timothy Bossidy as the CRO, someone AFC Gamma's CEO had worked with in the past. I asked AFC Gamma to consider additional candidates, or at least to conduct a search process, but AFC Gamma refused any process other than a direct hire of Bossidy. Justice’s contract with Bossidy’s entity is attached to this Declaration as Exhibit G.

Bossidy's Leadership Was Disastrous

5. From the very beginning, it was apparent to me that Bossidy took his direction from AFC Gamma. I know that he was in frequent, regular contact with AFC Gamma personnel, who managed and controlled his actions. By contrast, Bossidy never spoke to either of Justice's two main owners a single time during the nearly one year he was in charge of New Jersey.

6. Bossidy's stewardship of the New Jersey operations was a disaster.

7. When Bossidy was terminated, almost one year after he started, New Jersey's cultivation sales were down by more than 50%. During that same period, the inventory backlog increased five-fold.

8. While Bossidy ran things, the cultivation facility continued to grow and harvest cannabis, but Bossidy inexplicably failed to sell the product to dispensaries and wholesalers. By the end, the facility had accumulated hundreds of pounds of harvested cannabis, stored in totes stacked to the ceiling throughout the facility, ready to be packaged and sold. The entire facility filled up with unsold cannabis, even as Bossidy failed to backfill or hire for critical production roles whose job it was to package and sell the products.

9. The cannabis backlog represents approximately ten months' worth of sales. To my knowledge, no cannabis cultivation in New Jersey has ever built up even 25% as much inventory as AFC Gamma did under Bossidy. There is no legitimate business justification to accumulate millions of dollars in inventory.

10. I repeatedly suggested strategies to get through the backlog and to sell some of the accumulated inventory, but Bossidy refused to listen.

11. After several months of Bossidy's control, the New Jersey operations were no longer generating enough revenue to make Bloc's required \$250,000 minimum monthly payment to AFC

Gamma. The balance had to be made up with the owners' funds. As a result, after a year with Bossidy in charge, Bloc has been basically unable to pay down the principle of the loan, which continues to grow as interest gets added on.

12. Bossidy also interfered with the ability of Bloc's dispensary staff to perform their jobs, and he cut popular products, (also called SKUs) so that the dispensaries no longer stocked our most popular products. He also limited the outside suppliers our dispensaries were allowed to buy from, costing Bloc customers and sending sales volume to competitors. Bossidy also alienated vendors, demoralized employees by routinely insulting their intelligence and putting them in awkward positions with colleagues by telling one employee one thing and telling another employee the complete opposite. An example of attempts to ruin our reputation would be his insistence on delaying vendor payments in order to increase payments to AFC Gamma.

13. At the time AFC Gamma installed Bossidy to run the New Jersey operations, construction of the New Jersey manufacturing facility was largely completed, and the cultivation was operating at or near capacity under a Temporary Certificate of Occupancy ("TCO"). The facility was nearly ready to reach its potential, which I believe to be around \$4.5-5 million per month in revenue.

14. Justice and AFC Gamma both made it clear to Bossidy that one of his priorities should be completing all steps necessary to make the manufacturing laboratory operational. In fact, AFC Gamma's frustration with the original pace of obtaining the Certificate of Occupancy (CO) for the lab was a primary reason it required Bloc to (a) hire a CRO, and then (b) defer to the CRO's leadership in getting this done. Both Bloc and AFC Gamma therefore made it clear to Bossidy that this should be his top priority.

15. Bossidy met regularly, at least weekly, with AFC Gamma's employees about the status of the lab. AFC Gamma directed, supervised, and approved of all of Bossidy's actions with

respect to the lab. I was therefore dismayed when one of Bossidy and AFC Gamma's first decisions about the lab was to delay payment of the lab's general contractor's invoices, in an apparent effort to achieve concessions from the contractor on an unrelated dispute. This had the very predictable result of causing work on the lab to slow to a trickle and then stop dead until Bossidy and AFC Gamma approved payment of the invoices.

16. By the time Bossidy was terminated, the lab still had not been approved for operation. Weeks after he left, though, our team achieved a TCO for the lab space and permission from the CRC to operate the lab.

17. Bossidy not only failed to reach the facility's \$4.5 - \$5 million/month potential -- which would have made the venture highly successful -- but he actually took the facility's performance backwards, leaving it in far worse shape than when he took over (at a time when it was finally getting on its feet after having completed construction).

18. Senior management of the New Jersey cultivation and dispensaries expressed concerns about Bossidy's competence nearly immediately. One of his first actions as CRO was to cut SKUs from our already limited production schedule. For months he insisted that the team only produce 1/8ths and 1g pre rolls instead of our most popular SKUs like the, 3.5g pre roll pack and large format flower. When he did approve the production of alternative SKUs the quantities and variety were drastically reduced. He also refused to hire critical production employees when natural attrition occurred. Justice employees repeatedly complained to Bossidy, me and directly to AFC Gamma about the havoc that Bossidy was inflicting on Bloc.

19. Throughout Bossidy's tenure as CRO, I raised concerns about decisions he made that harmed Justice's business. I raised those concerns with Bossidy, Len Tannenbaum and with AFC 's CEO, Dan Neville.

20. Bossidy repeatedly failed to address my concerns, and he rebuffed any input or assistance I offered, despite my greater knowledge of Justice's operations and the New Jersey cannabis industry.

21. AFC Gamma also refused to act on my concerns. Whenever I raised them, AFC Gamma responded that Justice needed to let Bossidy run the company and stop complaining, or Justice would be in default of the Forbearance. I implored AFC Gamma to fire Bossidy and approve a different CRO. AFC Gamma repeatedly refused, insisting that Bossidy remain in place, and that Justice do nothing to interfere with his decisions, even as the damages from his mismanagement continued to pile up.

22. For example, in October of 2024, I wrote AFC Gamma a lengthy email expressing concerns and identifying specific decisions relating to both retail and wholesale strategies that Bossidy made that were harmful to the company, and suggesting ways to undo the damage.

23. Despite the serious nature of my complaints and those of other Justice employees, AFC Gamma and its CEO ignored them. I continued to try to remedy the situation, but AFC Gamma ignored me for a month, at which time it made clear that nothing was going to change in the following communication: "[Bossidy will] remain in place until we're satisfied that we'll be paid back on our loan. I let the last couple of texts on this subject slide, but also want to remind you and Justice and Grown (sic) of ypur (sic) commitments to not interfere in Tim's oversight of the New Jersey operations." Email attached to this Declaration as Exhibit C.

24. On February 6, I and our fractional Chief Financial Officer spoke on the phone with AFC personnel, including Neville. We expressed our concerns about Bossidy's performance and told them we want to transition away from Bossidy. AFC admitted they were also disappointed in Bossidy's performance and asked us to put that proposal in writing to them.

25. Our fractional Chief Financial Officer and I drafted a memo and proposal outlining Bossidy's missteps and setting out a plan to terminate him and move forward without him. I sent AFC Gamma that proposal via email on February 19, 2025.

26. AFC Gamma did not respond to that proposal. Instead, the next day, they sent the February 19 Default Notice.

Bloc Is Successful Without Bossidy

27. Since Bossidy's termination, I have served as the Interim Chief Restructuring Officer alongside William "Tripp" Murray who serves as our Fractional Chief Financial Officer and was our CRO during the forbearance negotiations while Justice searches for a qualified replacement. Murray and I both offered to serve as the replacement CRO for Bossidy, but AFC Gamma rejected us.

28. Under my control, the New Jersey operations have turned around. In the first full week of the first full month after AFC Gamma relinquished control, cultivation sales are up more than 70% over the numbers from the first week of each of the previous three months. As of April 16, 2025, just twelve business days into the month, Bloc's wholesale sales from cultivation had already exceeded sales under Bossidy for the entire months of January and February.

29. Freed from Bossidy's completely disastrous tenure, the New Jersey team is energized and motivated.

30. Bloc is much worse off after Bossidy's tenure than it would have been had we never hired him. Had AFC Gamma not seized control and installed the profoundly incompetent Bossidy, I am confident that the New Jersey cultivation operation would by now be earning over \$3 million per month in revenues, and ramping quickly toward the facility's expected potential of up to

\$5 million per month with our full suite of manufactured products coming online. I believe we are on track to reach that potential in less than a year.

31. We are actively recruiting candidates to replace Bossidy as CRO, and we intend to submit any qualified candidates to AFC Gamma for approval.

32. The other states in which we control operations in are all profitable.

Inventory Records and Accounting

33. Justice is not required to, and does not, contemporaneously report inventory records to AFC Gamma. The Credit Agreement sets forth a lengthy and specific list of records that Borrowers are required to provide to AFC Gamma on a regular basis; that list does not include inventory records.

34. In late 2024 or early 2025, Bossidy mentioned to me that AFC Gamma's CEO (Dan Neville) wanted some sort of financial reports, in addition to the regular reporting Justice was already providing. In an email on January 6 to Neville, I asked for a list of exactly what he wanted so that I and the CFO "can work on them for you." Neville ignored the email. I followed up by another email on January 30, and Neville proceeded to ignore that one too.

The Deal to Reopen the Pennsylvania Cultivation

35. In 2023, the Pennsylvania cultivation was only about 60% completed, due to a dispute with the general contractor. Cultivating cannabis in the partially built facility became increasingly difficult and decreasingly profitable. To reduce costs, Justice operated the cultivation with a skeleton crew, sufficient to maintain the license.

36. AFC's Chairman, Len Tannenbaum, encouraged Justice to shutter the facility because it was losing money, and he preferred that we concentrate available funds on the New Jersey assets.

37. AFC took control of the Pennsylvania and New Jersey bank accounts in the summer of 2023 pursuant to a DACA. From then on, AFC had to approve all expenditures related to the Pennsylvania cultivation. Because AFC took the position that operating the Pennsylvania Cultivation was financially unsound, it refused to approve routine expenditures for utilities, pest control, and suppliers.

38. With the inability to make payments for critical supplies and services in PA, Justice ceased all cannabis operations and shuttered the facility in late 2023.

39. Justice and AFC decided together that they would seek an investor to inject capital into the Pennsylvania Cultivation to get it back on track. When they found such an investor, the parties planned to restart the facility. I had many conversations with AFC over the course of the next several months as we sought investors. I met with several potential investors and provided tours of the cultivation facility, but we were unable to strike a deal.

40. Justice and AFC understood that if they failed to reopen the facility by the time the license was due to be renewed in July 2024, the Pennsylvania Department of Health (“DOH”) likely would deny the renewal application.

41. Justice and AFC agreed that, if no investor could be found to get the Pennsylvania Cultivation restarted, or if the general contractor filed suit to enforce its mechanic’s lien, AFC could foreclose on the property and sell it.

42. During the time that we sought an investor, Justice reached a settlement agreement with the general contractor and paid it millions of dollars in resolution of its claims (using funds from Justice’s operations in other states, not out of PA/NJ revenues).

43. When the April deadline for finding an investor came and went, AFC did not initiate foreclosure. The parties continued to look for investors.

44. In July 2024, the DOH denied the renewal application for the cultivation's license. We appealed that denial, and the appeal is still pending.

45. In September 2024, I approached AFC to discuss a path forward for the facility, with Justice's owners stepping in and injecting the capital the parties had thus far been unable to raise from outside investors. The eventual proposal, to which AFC ultimately agreed, was that instead of an outside investor, Justice's owners would contribute \$5 million of their own money to complete construction, along with a buffer for unforeseen costs and early operating expenses. To help make it work, AFC agreed to release \$500,000 of the Justice equity money it held in escrow to put towards its operating expenses once the facility reopened and until it could start selling its harvests. Both sides understood that the agreement was contingent upon DOH's sign off in a settlement of the appeal.

46. That resolution benefited Justice and AFC, because the value of a functional, operating cultivation is much greater than that of a vacant, derelict building sold at auction. The revenues generated by the cultivation could help pay down the loan.

47. I worked closely with our outside counsel at Ice, Miller to formulate a settlement proposal, which is attached to this Declaration as Exhibit J. My understanding is that the negotiations with DOH are going very well, and that DOH primarily wanted to see a specific, detailed, credible path, that was fully funded. Our proposal met that description, and my understanding is that DOH is favorably inclined toward the proposal.

Irreparable Harm

48. If AFC Gamma continues to raid our New Jersey and Pennsylvania bank accounts at whim, it will irreparably damage our business. If we cannot meet payroll and pay our bills as

they come due, our facilities will be shuttered quickly. In the context of the extremely competitive cannabis market in New Jersey and Pennsylvania, Plaintiffs likely could not recover from that blow.

49. Moreover, because cannabis is a highly regulated industry, regulatory agencies might impose penalties or other sanctions.

50. Our pharmacies in Pennsylvania serve exclusively medical patients -- that is, individuals who have been prescribed medical cannabis by a physician to treat a government approved list of medical conditions, such as cancer, Crohn's disease, multiple sclerosis, epilepsy, glaucoma, and Parkinson's disease. If Hayden's businesses close, hundreds or thousands of patients will lose access to their medicine. Many of Bloc's New Jersey customers are also medical patients, who would likewise lose access to their prescribed medications. Nor is it a quick or simple matter for patients to find an alternative source for their medications. In New Jersey, for example, medical patients must register with a particular dispensary, and many New Jersey dispensaries do not offer medical cannabis.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on 4/21/25

Alexandra Fields
Alexzandra Fields